

ASSEMBLY BILL

No. 723

Introduced by Assembly Member Matthews

February 19, 2003

An act to add Chapter 2.6 (commencing with Section 53369) of Part 1 of Division 2 of Title 5 of the Government Code, relating to jobs-housing opportunity zones.

LEGISLATIVE COUNSEL'S DIGEST

AB 723, as introduced, Matthews. Jobs-housing opportunity zones.

(1) Under existing law, redevelopment agencies are authorized to pay the principal of, and interest on, indebtedness incurred to finance or refinance redevelopment, from a portion of property tax revenues diverted from other taxing agencies. The portion of taxes diverted is the amount attributable to increases in assessed valuation of property in the redevelopment project area subsequent to establishment thereof. This method of financing is commonly known as "tax increment" financing and is specifically authorized by Section 16 of Article XVI of the California Constitution.

Existing law also authorizes counties and cities to create infrastructure financing districts in the border development zone, as defined, to finance public works utilizing a similar method of tax increment financing in the Mexican border region.

This bill would similarly authorize counties and cities to create infrastructure financing districts in jobs-housing opportunity zones, as defined, to finance public capital facilities in the 5-county interregional partnership area of northern California for the purpose of mitigating

current and future imbalances of jobs and housing in the Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus.

Because county officers would be responsible for the division of taxes under the bill, the bill would impose a state-mandated local program in the case of districts formed by cities, but the bill would require all infrastructure financing districts to reimburse those county costs.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state that are not otherwise covered by the bill, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 2.6 (commencing with Section 53369)
2 is added to Part 1 of Division 2 of Title 5 of the Government Code,
3 to read:

4
5 CHAPTER 2.6. JOBS-HOUSING OPPORTUNITY ZONES

6
7 Article 1. General Provisions

8
9 53369. The Legislature finds and declares that:

10 (a) Under the current land use and policy framework in
11 northern California, central valley and east bay communities
12 expect to double or triple their populations, but most of them will
13 not attract equivalent numbers of new jobs. Instead, thousands of
14 central valley and east bay area residents are expected to commute
15 far into the bay area, often driving two hours or more each way. At
16 the same time, central valley communities experience a chronic
17 unemployment rate of 10 percent or more, even during the

1 prosperity of the 1990s. The challenges to transportation, air
2 quality, and social quality of life are enormous. Projections
3 estimate the current number of daily Altamont Pass commuters
4 will more than double to 250,000 by the year 2020.

5 (b) Communities outside of Silicon Valley often lack the
6 infrastructure, or the ability to finance infrastructure, such as
7 interchanges and waste water treatment facilities, that are vital to
8 attracting employers and creating a diversified economy, reducing
9 the need for long-distance commutes into the bay area by their
10 residents.

11 (c) Employers who wish to locate outside of Silicon Valley
12 often have to fund their own infrastructure, making those east bay
13 and central valley communities a less attractive and
14 cost-competitive place for employers to locate.

15 (d) Consequently, the state has to make investments in
16 highways and transit to link commuter populations to their jobs in
17 more job-rich parts of the bay area.

18 (e) The creation of infrastructure financing districts in
19 jobs-housing opportunity zones will generate employment in areas
20 where there are large commuter populations, reduce long-distance
21 commutes, improve air quality and quality of life, and reduce the
22 need for costly transportation infrastructure investments in the
23 future by the state.

24 53369.1. Unless the context otherwise requires, the
25 definitions contained in this article shall govern the construction
26 of this chapter.

27 (a) “Affected taxing entity” means any governmental taxing
28 agency that levied or had levied on its behalf a property tax on all
29 or a portion of the property located in the proposed district in the
30 fiscal year prior to the designation of the district.

31 (b) “Jobs-housing opportunity zone” means a zone selected by
32 the Interregional Partnership Pilot Project for the purpose of
33 mitigating current and future imbalances of jobs and housing in the
34 Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and
35 Stanislaus.

36 (c) “City” means a city, a county, or a city and county.

37 (d) “Debt” means any binding obligation to repay a sum of
38 money, including obligations in the form of bonds, certificates of
39 participation, long-term leases, loans from government agencies,

1 or loans from banks, other financial institutions, private
2 businesses, or individuals.

3 (e) “Designated official” means the city engineer or other
4 appropriate official designated pursuant to Section 53398.13.

5 (f) “District” means an infrastructure financing district
6 located in the jobs-housing opportunity zone.

7 (g) “Infrastructure financing district” means a legally
8 constituted governmental entity established pursuant to this
9 chapter for the sole purpose of financing public facilities.

10 (h) “Landowner” or “owner of land” means any person
11 shown as the owner of land on the last equalized assessment roll
12 or otherwise known to be the owner of the land by the legislative
13 body. The legislative body has no obligation to obtain other
14 information as to the ownership of land, and its determination of
15 ownership shall be final and conclusive for the purposes of this
16 chapter.

17 (i) “Legislative body” means the city council or board of
18 supervisors.

19 53369.2. (a) The revenues available pursuant to Article 3
20 (commencing with Section 53369.30) may be used directly for
21 work allowed pursuant to Section 53369.3, including use as
22 matching funds to accomplish this work, may be accumulated for
23 a period not to exceed five years to provide a fund for that work,
24 may be pledged to pay the principal of, and interest on, bonds
25 issued pursuant to Article 4 (commencing with Section 53369.40),
26 or may be pledged to pay the principal of, and interest on, bonds
27 issued pursuant to the Improvement Bond Act of 1915 (Division
28 10 (commencing with Section 8500) of the Streets and Highways
29 Code) or the Mello-Roos Community Facilities Act of 1982
30 (Chapter 2.5 (commencing with Section 53311)), the proceeds of
31 which have been or will be used entirely for allowable purposes of
32 the district. The revenue of the district may also be advanced for
33 allowable purposes of the district to an Integrated Financing
34 District established pursuant to Chapter 1.5 (commencing with
35 Section 53175), in which case the district may be party to a
36 reimbursement agreement established pursuant to that chapter.
37 The revenues of the district may also be committed to paying for
38 any completed public facility acquired pursuant to Section
39 53369.3 over a period of time, including the payment of a rate of



1 interest not to exceed the bond buyer index rate on the day that the
2 agreement to repay is entered into by the city.

3 (b) The legislative body may enter into an agreement with any
4 affected taxing entity or rely on the pass-through rates and
5 formulas provided in Sections 33607.5 and 33670 of the Health
6 and Safety Code, in providing for the construction of, or assistance
7 in, financing public facilities.

8 53369.3. (a) A district may finance (1) the purchase,
9 construction, expansion, improvement, seismic retrofit, or
10 rehabilitation of any real or other tangible property with an
11 estimated useful life of 15 years or longer that satisfies the
12 requirements of subdivision (b), (2) the planning and design work
13 that is directly related to the purchase, construction, expansion, or
14 rehabilitation of that property, and (3) the costs described in
15 Sections 53369.5 and 53369.31. A district may only finance the
16 purchase of facilities for which construction has been completed,
17 as determined by the legislative body. The facilities need not be
18 physically located within the boundaries of the district. A district
19 may not finance routine maintenance, repair work, or the costs of
20 ongoing operation or providing services of any kind.

21 (b) The district shall finance only public capital facilities that
22 provide significant benefits to the jobs-housing opportunity zone,
23 including, but not limited to, all of the following:

24 (1) Highways, interchanges, ramps and bridges, major and
25 minor arterial streets, major and minor collector streets, parking
26 facilities, and transit facilities. Phased road widening projects shall
27 also be permitted.

28 (2) Sewage collection, pumping, treatment, and water
29 reclamation plants and interceptor pipes.

30 (3) Facilities for the collection and treatment of water for urban
31 uses.

32 (4) Flood control levees and dams, retention basins, and
33 drainage facilities.

34 (5) Child care facilities.

35 (6) Libraries.

36 (7) Parks, recreational facilities, and open space.

37 (8) Facilities for the transfer and disposal of solid waste,
38 including transfer stations and vehicles.

39 (c) Any district that constructs dwelling units shall set aside not
40 less than 20 percent of those units to increase and improve the

community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code.

53369.4. (a) A district may not include any portion of a redevelopment project area that is or has been previously created pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, whether the creation is or was proper or improper. A redevelopment project area may not include any portion of a district created pursuant to this chapter.

(b) A district may finance only the facilities or services authorized in this chapter to the extent that the facilities or services are in addition to those provided in the territory of the district before the district was created. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created but may supplement those facilities and services as needed to serve new developments.

(c) A district may include areas that are not contiguous.

53369.5. It is the intent of the Legislature that the area of the districts created be substantially undeveloped, and the establishment of a district should not ordinarily lead to the removal of existing dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, the legislative body shall do all of the following:

(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units that is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory

1 of the district if the dwelling units removed or destroyed were not
2 inhabited by persons of low or moderate income, as defined in
3 Section 50093 of the Health and Safety Code.

4 (c) Provide relocation assistance and make all the payments
5 required by Chapter 16 (commencing with Section 7260) of
6 Division 7 of Title 1, to persons displaced by any public or private
7 development occurring within the territory of the district. This
8 displacement shall be deemed to be the result of public action.

9 (d) Ensure that removal or destruction of any dwelling units
10 occupied by persons or families of low or moderate income does
11 not take place unless and until there are suitable housing units, at
12 comparable cost to the units from which the persons or families
13 were displaced, available, and ready for occupancy by the
14 residents of the units at the time of their displacement. The housing
15 units shall be suitable to the needs of these displaced persons or
16 families and shall be decent, safe, sanitary, and otherwise standard
17 dwellings.

18 53369.6. Any action or proceeding to attack, review, set aside,
19 void, or annul the creation of a district or the adoption of an
20 infrastructure financing plan, including a division of taxes
21 thereunder, shall be commenced within 30 days after the
22 enactment of the ordinance creating the district pursuant to Section
23 53369.21. Consistent with the time limitations of this section, such
24 an action or proceeding with respect to a division of taxes under
25 this chapter may be brought pursuant to Chapter 9 (commencing
26 with Section 860) of Title 10 of Part 2 of the Code of Civil
27 Procedure, except that Section 869 of the Code of Civil Procedure
28 shall not apply.

29 53369.7. An action to determine the validity of the issuance
30 of bonds pursuant to this chapter may be brought pursuant to
31 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
32 the Code of Civil Procedure. However, notwithstanding the time
33 limits specified in Section 860 of the Code of Civil Procedure, the
34 action shall be commenced within 30 days after adoption of the
35 resolution pursuant to Section 53369.43 providing for issuance of
36 the bonds if the action is brought by an interested person pursuant
37 to Section 863 of the Code of Civil Procedure. Any appeal from
38 a judgment in that action or proceeding shall be commenced within
39 30 days after entry of judgment.

1 53369.8. An infrastructure financing district in the
2 jobs-housing opportunity zone is a “district” within the meaning
3 of Section 1 of Article XIII A of the California Constitution.

4
5 Article 2. Preparation and Adoption of Infrastructure
6 Financing Plans
7

8 53369.10. A legislative body of a city may designate one or
9 more proposed infrastructure financing districts in the
10 jobs-housing opportunity zone pursuant to this chapter.
11 Proceedings for the establishment of a district shall be instituted
12 by the adoption of a resolution of intention to establish the
13 proposed district and shall do all of the following:

14 (a) State that an infrastructure financing district is proposed to
15 be established under the terms of this chapter and describe the
16 boundaries of the proposed district, which may be accomplished
17 by reference to a map on file in the office of the clerk of the city.

18 (b) State the type of public facilities proposed to be financed by
19 the district. The district may only finance public facilities
20 authorized by Section 53398.3.

21 (c) State that incremental property tax revenue from the city
22 and some or all affected taxing entities within the district may be
23 used to finance these public facilities.

24 (d) Fix a time and place for a public hearing on the proposal.

25 53369.11. The legislative body shall direct the clerk to mail
26 a copy of the resolution of intention to create the district to each
27 owner of land within the district.

28 53369.12. The legislative body shall direct the clerk to mail
29 a copy of the resolution to each affected taxing entity.

30 53369.13. After adopting the resolution pursuant to Section
31 53369.10, the legislative body shall designate and direct the city
32 engineer or other appropriate official to prepare an infrastructure
33 plan pursuant to Section 53369.14.

34 53369.14. After receipt of a copy of the resolution of intention
35 to establish a district, the official designated pursuant to Section
36 53369.13 shall prepare a proposed infrastructure financing plan.
37 The infrastructure financing plan shall be consistent with the
38 general plan of the city within which the district is located and shall
39 include all of the following:

1 (a) A map and legal description of the proposed district, which
2 may include all or a portion of the district designated by the
3 legislative body in its resolution of intention.

4 (b) A description of the public facilities required to serve the
5 development proposed in the area of the district, including those
6 to be provided by the private sector, those to be provided by
7 governmental entities without assistance under this chapter, those
8 public improvements and facilities to be financed with assistance
9 from the proposed district, and those to be provided jointly. The
10 description shall include the proposed location, timing, and costs
11 of the public improvements and facilities.

12 (c) A finding that the public facilities provide significant
13 benefits to the jobs-housing opportunity zone.

14 (d) A financing section, which shall contain all of the following
15 information:

16 (1) A specification of the maximum portion of the incremental
17 tax revenue of the city and of each affected taxing entity proposed
18 to be committed to the district for each year during which the
19 district will receive incremental tax revenue. The portion need not
20 be the same for all affected taxing entities. The portion may change
21 over time.

22 (2) A projection of the amount of tax revenues expected to be
23 received by the district in each year during which the district will
24 receive tax revenues, including an estimate of the amount of tax
25 revenues attributable to each affected taxing entity for each year.

26 (3) A plan for financing the public facilities to be assisted by the
27 district, including a detailed description of any intention to incur
28 debt.

29 (4) A limit on the total number of dollars of taxes that may be
30 allocated to the district pursuant to the plan.

31 (5) A date on which the district will cease to exist, by which
32 time all tax allocation to the district will end. The date shall not be
33 more than 30 years from the date on which the ordinance forming
34 the district is adopted pursuant to Section 53369.19.

35 (6) An analysis of the costs to the city of providing facilities and
36 services to the area of the district while the area is being developed
37 and after the area is developed. The plan shall also include an
38 analysis of the tax, fee, charge, and other revenues expected to be
39 received by the city as a result of expected development in the area
40 of the district.

1 (7) An analysis of the projected fiscal impact of the district and
2 the associated development upon each affected taxing entity.

3 (e) If any dwelling units occupied by persons or families of low
4 or moderate income are proposed to be removed or destroyed in
5 the course of private development or public works construction
6 within the area of the district, a plan providing for replacement of
7 those units and relocation of those persons or families consistent
8 with the requirements of Section 53369.5.

9 53369.15. The infrastructure financing plan shall be sent to
10 each owner of land within the proposed district and to each
11 affected taxing entity together with any report required by the
12 California Environmental Quality Act (Division 13 (commencing
13 with Section 21000) of the Public Resources Code) that pertains
14 to the proposed public facilities or the proposed development
15 project for which the public facilities are needed. The plan shall be
16 made available for public inspection. The report shall also be sent
17 to the planning commission and the legislative body.

18 53369.16. The designated official shall consult with each
19 affected taxing entity, and, at the request of any affected taxing
20 entity, shall meet with representatives of an affected taxing entity.
21 Any affected taxing entity may suggest revisions to the plan.

22 53369.17. The legislative body shall conduct a public hearing
23 prior to adopting the proposed infrastructure financing plan. The
24 public hearing shall be called no sooner than 60 days after the plan
25 has been sent to each affected taxing entity. In addition to the notice
26 given to landowners and affected taxing entities pursuant to
27 Sections 53369.11 and 53369.12, notice of the public hearing shall
28 be given by publication not less than once a week for four
29 successive weeks in a newspaper of general circulation published
30 in the city in which the proposed district is located. The notice shall
31 state that the district will be used to finance public works, briefly
32 describe the public works, briefly describe the proposed financial
33 arrangements, including the proposed commitment of incremental
34 tax revenue, describe the boundaries of the proposed district, and
35 state the day, hour, and place when and where any persons having
36 any objections to the proposed infrastructure financing plan, or the
37 regularity of any of the prior proceedings, may appear before the
38 legislative body and object to the adoption of the proposed plan by
39 the legislative body.

1 53369.18. At the hour set in the required notices, the
2 legislative body shall proceed to hear and pass upon all written and
3 oral objections. The hearing may be continued from time to time.
4 The legislative body shall consider the recommendations, if any,
5 of affected taxing entities, and all evidence and testimony for and
6 against the adoption of the plan. The legislative body may modify
7 the plan by eliminating or reducing the size and cost of proposed
8 public works, by reducing the amount of proposed debt, or by
9 reducing the portion, amount, or duration of incremental tax
10 revenues to be committed to the district.

11 53369.19. At the conclusion of the public hearing, the
12 legislative body may adopt an ordinance approving the
13 infrastructure financing plan, or the infrastructure financing plan
14 as modified, and creating the infrastructure financing district with
15 the full force and effect of law, or the legislative body may abandon
16 the proceedings.

17 53369.20. The legislative body may submit a proposition to
18 establish or change the appropriations limit, as defined by
19 subdivision (h) of Section 8 of Article XIII B of the California
20 Constitution, of a district to the qualified electors of a district. The
21 proposition establishing or changing the appropriations limit shall
22 become effective if approved by the qualified electors voting on
23 the proposition and shall be adjusted for changes in the cost of
24 living and changes in populations, as defined by subdivisions (b)
25 and (c) of Section 7901, except that the change in population may
26 be estimated by the legislative body in the absence of an estimate
27 by the Department of Finance, and in accordance with Section 1
28 of Article XIII B of the California Constitution. For purposes of
29 adjusting for changes in population, the population of the district
30 shall be deemed to be at least one person during each calendar year.

31
32 Article 3. Division of Taxes
33

34 53369.30. Any infrastructure financing plan may contain a
35 provision that taxes, if any, levied upon taxable property in the area
36 included within the infrastructure financing district each year by
37 or for the benefit of the State of California, or any affected taxing
38 entity after the effective date of the ordinance adopted pursuant to
39 Section 53369.19 to create the district, shall be divided as follows:

(a) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance adopted pursuant to Section 53369.19 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.

(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in the district as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the district shall be paid to the respective affected taxing entities. When the district ceases to exist pursuant to the adopted infrastructure financing plan, all moneys thereafter received from taxes upon the taxable property in the district shall be paid to the respective affected taxing entities as taxes on all other property are paid.

53369.31. All costs incurred by a county in connection with the division of taxes pursuant to Section 53369.30 for a district shall be paid by that district.

Article 4. Payments to Affecting Taxing Entities

53369.40. (a) (1) This section shall apply to each infrastructure financing district that is either of the following:

(A) Adopted on or after January 1, 1994, including later amendments to these redevelopment plans.

(B) Adopted prior to January 1, 1994, but amended, after January 1, 1994, to include new territory. For plans amended after January 1, 1994, only the tax increments from territory added by the amendment shall be subject to this section.

(2) The payments made pursuant to this section shall be in addition to any amounts the affected taxing entities receive pursuant to subdivision (a) of Section 53369.30. The payments made pursuant to this section to the affected taxing entities, including the community, shall be allocated among the affected taxing entities, including the community if the community elects to receive payments, in proportion to the percentage share of property taxes each affected taxing entity, including the community, receives during the fiscal year the funds are allocated. The agency shall reduce its payments pursuant to this section to an affected taxing entity by any amount the agency has paid, directly or indirectly, pursuant to Section 33445, 33445.5, 33445.6, or 33446 of the Health and Safety Code, or any other provision of law other than this section for, or in connection with, a public facility owned or leased by that affected taxing agency, except:

(A) Any amounts the agency has paid directly or indirectly pursuant to an agreement with a taxing entity adopted prior to January 1, 1994.

(B) Any amounts that are unrelated to the specific project area or amendment governed by this section. The reduction in a payment by an agency to a school district, community college district, or county office of education, or for special education, shall be subtracted only from the amount that otherwise would be available for use by those entities for educational facilities pursuant to paragraph (4). If the amount of the reduction exceeds the amount that otherwise would have been available for use for educational facilities in any one year, the agency shall reduce its payment in more than one year.

(3) If an agency reduces its payment to a school district, community college district, or county office of education, or for special education, the agency shall do all of the following:

(A) Determine the amount of the total payment that would have been made without the reduction.

(B) Determine the amount of the total payment without the reduction that:

(i) Would have been considered property taxes.

(ii) Would have been available to be used for educational facilities pursuant to paragraph (4).

(C) Reduce the amount available to be used for educational facilities.

(D) Send the payment to the school district, community college district, or county office of education, or for special education, with a statement that the payment is being reduced and including the calculation required by this subdivision showing the amount to be considered property taxes and the amount, if any, available for educational facilities.

(4) (A) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to school districts, 43.3 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision (h) of Section 42238 of the Education Code, and 56.7 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities.

(B) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to community college districts, 47 $\frac{1}{2}$ percent shall be considered to be property taxes for the purposes of Section 84751 of the Education Code, and 52 $\frac{1}{2}$ percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities.

(C) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of Section 2558 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities.

(D) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section for special education, 19 percent shall be considered to be property taxes for the purposes of Section 56712 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for education facilities.

(E) If, pursuant to paragraphs (2) and (3), an agency reduces its payments to an educational entity, the calculation made by the agency pursuant to paragraph (3) shall determine the amount considered to be property taxes and the amount available to be used for educational facilities in the year the reduction was made.

(5) Local education agencies that use funds received pursuant to this section for school facilities shall spend these funds at schools that are:

(A) Within the project area.

(B) Attended by students from the project area.

(C) Attended by students generated by projects that are assisted directly by the infrastructure district.

(D) Determined by the governing board of a local education agency to be of benefit to the project area.

(b) Commencing with the first fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, an infrastructure district shall pay to the affected taxing entities, including the community if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the agency. In any fiscal year in which the agency receives tax increments, the community that has adopted the infrastructure district may elect to receive the amount authorized by this subdivision.

(c) Commencing with the 11th fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, infrastructure district shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivision (b), an amount equal to 21 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues.

(d) Commencing with the 31st fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, an infrastructure district shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivision (b), an amount equal to 14 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value

1 exceeds the second adjusted base year assessed value. The second
2 adjusted base year assessed value is the assessed value of the
3 project area in the 30th fiscal year in which the agency receives tax
4 increments.

5 (e) (1) Prior to incurring any loans, bonds, or other
6 indebtedness, except loans or advances from the community, the
7 agency may subordinate to the loans, bonds, or other indebtedness
8 the amount required to be paid to an affected taxing entity by this
9 section, provided that the affected taxing entity has approved these
10 subordinations pursuant to this subdivision.

11 (2) At the time the agency requests an affected taxing entity to
12 subordinate the amount to be paid to it, the agency shall provide
13 the affected taxing entity with substantial evidence that sufficient
14 funds will be available to pay both the debt service and the
15 payments required by this section, when due.

16 (3) An affected taxing entity may disapprove a request for
17 subordination only if it finds, based upon substantial evidence, that
18 the agency will not be able to pay the debt payments and the
19 amount required to be paid to the affected taxing entity. If the
20 affected taxing entity does not act within 45 days after receipt of
21 the agency's request, the request to subordinate shall be deemed
22 approved and shall be final and conclusive.

23 (f) (1) The Legislature finds and declares both of the
24 following:

25 (A) The payments made pursuant to this section are necessary
26 in order to alleviate the financial burden and detriment that
27 affected taxing entities may incur as a result of the adoption of a
28 infrastructure financing plan, and payments made pursuant to this
29 section will benefit job-housing opportunity zones.

30 (B) The payments made pursuant to this section are the
31 exclusive payments that are required to be made by a infrastructure
32 financing district to affected taxing entities during the term of a
33 redevelopment plan.

34 (2) Notwithstanding any other provision of law, a
35 redevelopment agency shall not be required, either directly or
36 indirectly, as a measure to mitigate a significant environmental
37 effect or as part of any settlement agreement or judgment brought
38 in any action to contest the validity of a infrastructure financing
39 plan or a redevelopment plan pursuant to Section 33501, to make



1 any other payments to affected taxing entities, or to pay for public
2 facilities that will be owned or leased to an affected taxing entity.
3 (g) As used in this section, a “local education agency” is a
4 school district, a community college district, or a county office of
5 education.

6
7 Article 5. Tax Increment Bonds
8

9 53369.50. The legislative body may, by majority vote, initiate
10 proceedings to issue bonds pursuant to this chapter by adopting a
11 resolution stating its intent to issue the bonds.

12 53369.51. The resolution adopted pursuant to Section
13 53369.50 shall contain all of the following information:

14 (a) A description of the facilities to be financed with the
15 proceeds of the proposed bond issue.

16 (b) The estimated cost of the facilities, the estimated cost of
17 preparing and issuing the bonds, and the principal amount of the
18 proposed bond issuance.

19 (c) The maximum interest rate and discount on the proposed
20 bond issuance.

21 (d) A determination of the amount of tax revenue available or
22 estimated to be available, for the payment of the principal of, and
23 interest on, the bonds.

24 (e) A finding that the amount necessary to pay the principal of,
25 and interest on, the proposed bond issuance will be less than, or
26 equal to, the amount determined pursuant to subdivision (d).

27 (f) The date, hour, and place at which any person may appear
28 before the legislative body and object to the proposal to issue
29 bonds.

30 53369.52. The clerk of the legislative body shall publish the
31 resolution adopted pursuant to Section 53369.50 once a day for at
32 least seven successive days in a newspaper published in the city or
33 county at least six days a week, or at least once a week for two
34 successive weeks in a newspaper published in the city or county
35 less than six days a week. If there are no newspapers meeting these
36 criteria, the resolution shall be posted in three public places within
37 the territory of the district for two succeeding weeks.

38 53369.53. (a) At the hour set in the required notice, the
39 legislative body shall proceed to hear and pass upon all written and
40 oral objections. The hearing may be continued from time to time.

1 The legislative body shall consider all evidence and testimony for
2 and against the proposal to issue bonds.

3 (b) At the conclusion of the hearing, the legislative body may
4 approve the issuance of bonds by adopting a resolution that shall
5 provide for all of the following:

6 (1) The issuance of the bonds in one or more series.

7 (2) The principal amount of the bonds, which shall be
8 consistent with the amount specified in subdivision (b) of Section
9 53369.51.

10 (3) The date the bonds will bear.

11 (4) The date of maturity of the bonds.

12 (5) The denomination of the bonds.

13 (6) The form of the bonds.

14 (7) The manner of execution of the bonds.

15 (8) The medium of payment in which the bonds are payable.

16 (9) The place or manner of payment and any requirements for
17 registration of the bonds.

18 (10) The terms of call or redemption, with or without premium.
19 53369.54. The legislative body may, by majority vote,
20 provide for refunding of bonds issued pursuant to this chapter.
21 However, refunding bonds shall not be issued if the total net
22 interest cost to maturity on the refunding bonds plus the principal
23 amount of the refunding bonds exceeds the total net interest cost
24 to maturity on the bonds to be refunded. The legislative body may
25 not extend the time to maturity of the bonds.

26 53369.55. The legislative body or any person executing the
27 bonds shall not be personally liable on the bonds by reason of their
28 issuance. The bonds and other obligations of a district issued
29 pursuant to this chapter are not a debt of the city, county, or state
30 or of any of its political subdivisions, other than the district, and
31 none of those entities, other than the district, shall be liable on the
32 bonds and the bonds or obligations shall be payable exclusively
33 from funds or properties of the district. The bonds shall contain a
34 statement to this effect on their face. The bonds do not constitute
35 an indebtedness within the meaning of any constitutional or
36 statutory debt limitation.

37 53369.56. The bonds may be sold at discount not to exceed 5
38 percent of par at public sale. At least five days prior to the sale,
39 notice shall be published, pursuant to Section 6061, in a newspaper
40 of general circulation and in a financial newspaper published in the

1 City and County of San Francisco and in the City of Los Angeles.
2 The bonds may be sold at not less than par to the federal
3 government at private sale without any public advertisement.

4 53369.57. If any member of the legislative body whose
5 signature appears on bonds ceases to be a member of the legislative
6 body before delivery of the bonds, his or her signature is as
7 effective as if he or she had remained in office. Bonds issued
8 pursuant to this chapter are fully negotiable.

9 SEC. 2. Notwithstanding Section 17610 of the Government
10 Code, if the Commission on State Mandates determines that this
11 act contains costs mandated by the state that are not otherwise
12 covered under the terms of the act, reimbursement to local
13 agencies and school districts for those costs shall be made pursuant
14 to Part 7 (commencing with Section 17500) of Division 4 of Title
15 2 of the Government Code. If the statewide cost of the claim for
16 reimbursement does not exceed one million dollars (\$1,000,000),
17 reimbursement shall be made from the State Mandates Claims
18 Fund.

